

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF SANTA FE AND
SANTA FE COUNTY FOR THE SANTA FE BREWERY DISCHARGING INTO A
COUNTY WASTEWATER COLLECTION SYSTEM AND THEN TO THE CITY
WASTEWATER COLLECTION AND TREATMENT SYSTEM**

The City of Santa Fe ("City") and Santa Fe County ("County") enter into this Memorandum of Understanding this 3rd day of January, 2014, for a new sanitary sewer connection and sewer services for the Santa Fe Brewing Company. Santa Fe Brewing Company will connect to the existing wastewater collection and sewer lift station system (collectively the "Thornburg Development Wastewater Collection System and Abajo Lift Station"), which discharges into the City's wastewater collection and treatment system at Mutt Nelson Road. The Thornburg Development Wastewater Collection System and Abajo Lift Station serves the property described in the legal descriptions and plats attached hereto as Exhibit A (the "Thornburg Properties"). The Santa Fe Brewing Company property is described in the legal descriptions and plats attached hereto as Exhibit B (the "Brewery Property").

RECITALS

1. The City and the County entered into a "Settlement Agreement and Mutual Release of Claims" on May 19, 2008, which addressed issues of annexation in general, the presumptive city limits, and the need to "establish sensible water and wastewater utility service areas for the City and County."

Under the Settlement Agreement §2(1), "The City shall provide water and wastewater service within the presumptive city limits and shall not provide water and wastewater service outside the presumptive city limits unless required by a current contract with a customer, decrees of a court, or applicable rulings of the Public Regulation Commission, unless otherwise agreed upon between the City and the County in a separate written agreement."

2. The Thornburg Wastewater Collection System and Abajo Lift Station is a private system that exists outside of the presumptive city limits that discharges into the City's wastewater collection and treatment system. The system is owned and operated by the Turquoise Trail Master Association (TTMA). The County and the TTMA are in negotiations for County takeover (for ownership and operation) of the Thornburg Wastewater Collection System and Abajo Lift Station. When the negotiations are concluded, the Thornburg Wastewater Collection System and Abajo Lift Station will be the County's Wastewater Collection System.
3. The residents and businesses within the Thornburg Properties served by the Thornburg Wastewater Collection System and Abajo Lift Station are currently County water and wastewater retail customers. The County is a wholesale customer of the City with respect to the wastewater of the County's customers within the Thornburg Properties.
4. Santa Fe Brewery is a County water customer and also owns and operates a private water supply well. Santa Fe Brewery is having a septic hauler transport waste from its brewery operations to the City's wastewater treatment plant, after initial treatment at its on-site

wastewater treatment and disposal system. A planned expansion of the brewery operations will necessitate a new method for handling the wastewater generated at this facility.

5. The Santa Fe Brewing Company's planned expansion will benefit both the City and the County in the form of increased jobs and tax revenue.
6. The Santa Fe Brewing Company property is located outside the presumptive city limits as defined in the "Settlement Agreement and Mutual Release of Claims" of May 19, 2008. The Santa Fe Brewing Company property is also located adjacent to the boundary of the Thornburg Properties.
7. The Santa Fe Brewing Company submitted a letter dated February 14, 2014, to the County requesting connection to the City's wastewater collection and treatment system under the terms of the Settlement Agreement.
8. The City's Ordinance, SFCC §22-6.2 provides a process whereby connections to the City's sewer system outside of the City limits can be established under specific conditions, including; review by a water/wastewater review team (City-County WWRT) made up of "City and County staff from the Water Division, the Wastewater Division, the City attorney's office, the County Attorney's Office, the Land Use Departments and the Office of Affordable Housing."
9. On July 22, 2014, Santa Fe County Utility Division submitted a letter of application to the City-County WWRT on behalf of the Santa Fe Brewing Company requesting connection of the Santa Fe Brewing Company to the City's wastewater collection and treatment system via the Thornburg Wastewater Collection System and Abajo Lift Station.
10. On September 18, 2014, the WWRT met to review the application. The WWRT members determined that the application was complete and that the application met the requirements of the City's Ordinance, SFCC §22-6.2.
11. Both the City and the County have determined that the Thornburg Wastewater Collection System and Abajo Lift Station and the City's Wastewater Collection and Treatment system have the capacity to serve the wastewater from the Santa Fe Brewing Company.

AGREEMENT

1. Connection of the Santa Fe Brewing Company to the Thornburg Wastewater Collection System and Abajo Lift Station:
 - (a) The Santa Fe Brewing Company is authorized to connect to the Thornburg Wastewater Collection System and Abajo Lift Station and discharge its wastewater into the City's wastewater collection and treatment system, provided one of the following conditions has been met:
 - i. The County has acquired the Thornburg Wastewater Collection System and

Abajo Lift Station; or

- ii. TTMA authorizes the connection in writing and such written authorization is provided to the City.
2. Compliance with Federal and State Law and City Ordinances. Upon taking ownership of the Thornburg Wastewater Collection System and Abajo Lift Station, the County agrees to maintain and operate the County Wastewater Collection System as required by all applicable Federal, State, and local laws and shall comply with all applicable requirements imposed upon City utility customers. The City's affordable housing ordinance, SFCC §14-8-11(D), does not apply, pursuant to SFCC §22-6.2(G).
3. Metering Requirements. The County shall require the Santa Fe Brewing Company to meter their entire water supply, regardless of its source, and report the total metered usage to the County on a monthly basis. The County will report the metered water usage to the City on a monthly basis for use in calculating wholesale wastewater usage fees to be paid by the County. The charges to the County for the Santa Fe Brewing Company shall be calculated using the monthly metered water usage for the Santa Fe Brewing Company.
4. Utility Expansion Charges. The County shall pay or cause to be paid the City's Utility Expansion Charge under SFCC §22-6.6.
5. Service Fees. The County agrees to pay to the City the sum of the City's monthly wholesale service fees under SFCC §22.7, as it may be amended from time to time, for wastewater collection and treatment services provided for the wastewater discharge by the Santa Fe Brewing Company.
6. SFCC §22.9 and SFCC §22.10. The County agrees that the discharges from the Santa Fe Brewing Company shall be subject to the provisions of SFCC §22.9, ***Industrial Pretreatment Regulations and Procedures***, and SFCC §22.10, ***Wastewater Extra Strength Surcharge Program***, as they may be amended from time to time.
7. Pre-treatment Requirements. If determined to be necessary by the City, the City will issue a significant industrial user permit to Santa Fe Brewing Company in accordance with SFCC§22.9, in which case all permit conditions and requirements must be met by the Santa Fe Brewing Company or any other occupant of the property as a condition of service.
8. Service Area. Except as otherwise authorized in separate agreements between the City and County, the County will not permit properties outside of the designated service area set forth in Exhibit "B" to connect to the City's wastewater collection and treatment system without prior written approval from the City and County pursuant to the Settlement Agreement.
9. Successors & Assigns. This Memorandum of Understanding will inure to the benefit of the Parties' successors or assigns.

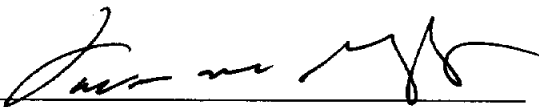
10. Amendments. This MOU may be amended in writing by agreement of all the parties.

11. Effective Date and Term. This agreement shall be effective upon the signature of all the Parties and shall be perpetual; provided, however, that the County may terminate this agreement when it is willing and able to provide wastewater treatment services for the Santa Fe Brewing Company through its own or another wastewater treatment system; that the City may terminate this agreement for failure by the County or Santa Fe Brewing Company to comply with the provisions of this agreement; and that this agreement may be terminated by either party pursuant to Paragraph 12, Bateman Act Compliance. If the City intends to terminate this agreement for failure to comply, the City shall give the County one hundred twenty days advance, written notice of termination, during which period the County shall have the right to cure the failure to comply.

12. Bateman Act Compliance. The terms of this Agreement are contingent upon sufficient appropriations and authorizations being made or given by the City and County to perform under this Agreement. If sufficient appropriations and authorizations are not made or given by the City or County, this Agreement may be terminated or this Agreement may be amended in accordance with Paragraph 10. A party's decision as to whether sufficient appropriations are available shall be accepted by the other party and shall be final.

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For the City:



Javier Gonzales, Mayor
City of Santa Fe

1/2/15
Date


Attest:



Yolanda Y. Vigil, City Clerk
Comtee 12/10/14

1-5-15
Date

Approved as to Form:



Kelley Brennan, City Attorney

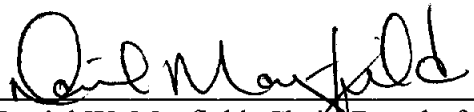
11/18/14
Date



Oscar Rodriguez, Finance Director

12-30-2014
Date

For the County:



Daniel W. Mayfield, Chair, Board of
County Commissioners of Santa Fe County

11-25-14
Date

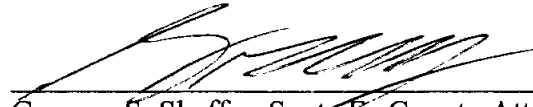
Attest:



Geraldine Salazar, Santa Fe County Clerk

11-25-2014
Date

Approved as to Form:



Gregory S. Shaffer, Santa Fe County Attorney

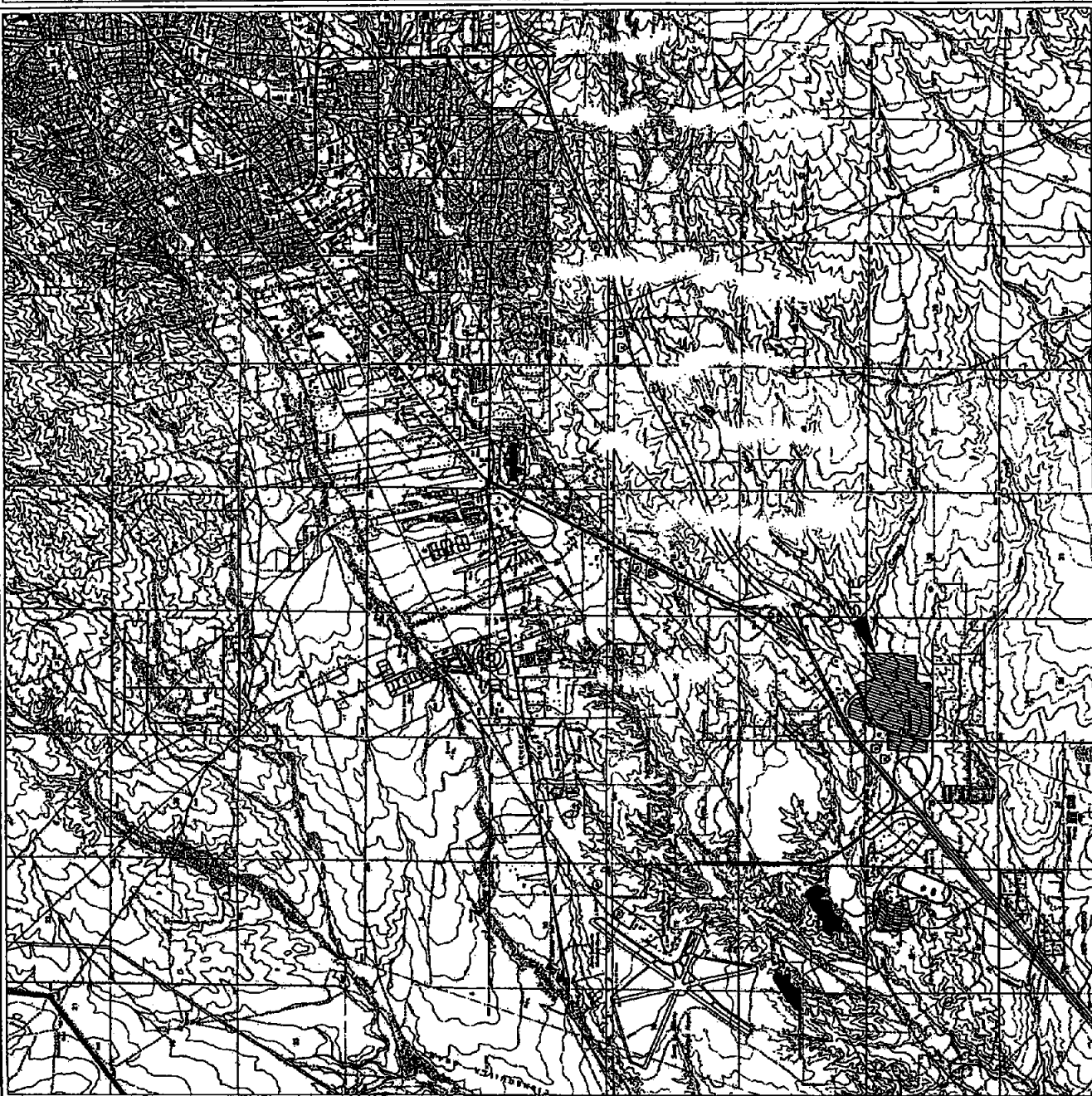
11/25/14
Date



Teresa Martinez, County Finance Director

11/25/2014
Date

EXHIBIT A
THORNBURG PROPERTIES



515008
"THORNBURG" PROPERTY
SANTA FE, NEW MEXICO
 T16N R0E SEC 24, 25 & 26
 SANTA FE COUNTY

SHEET	DESCRIPTION
#1	COVER VICINITY MAP
#2	TRACT BOUNDARY AND USE ZONING MAP
#3	SPECIFIC SITE CONDITIONS MAP (SLOPE ANALYSIS)
#4	UPDATED LAND USE ZONING MAP
#5	EXISTING CONDITIONS PLAN
#6	WATER TANK, SEWERS & DRAINAGE PLAN
#7	CONCEPTUAL SANITARY SEWER PLAN
#8	CONCEPTUAL WATER SUPPLY PLAN
#9	CONCEPTUAL DRY UTILITIES PLAN
#10	CONCEPTUAL LANDSCAPE PLAN
#11	PHASING PLAN

*# PAGES TO BE REDESIGNED

REDESIGN STATION: MASTER PLAN IS TO ALLOW FOR THE DEVELOPMENT OF A MIXED-USE PROPOSAL IN ACCORDANCE WITH THE COMMUNITY COLLEGE DISTRICT.

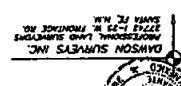
THIS MASTER PLAN IS OF THE OWNER'S FREE CONSENT.

DATE: 1-16-03
 CASE NUMBER: 1200-3870
 APPROVED BY THE BOARD AT THEIR MEETING OF: MARCH 07, 2003
 DATE: 6/25/03
 APPROVED BY THE BOG AT THEIR MEETING OF: SEPTEMBER 10, 2002
 DATE: 6/14/03
 APPROVED BY THE BOG AT THEIR MEETING OF: 7-2-03
 DATE: 3-27-03
 DATE: 6-7-2003

STATE OF NEW MEXICO
 COUNTY OF SANTA FE
 I, Notary Public, do hereby certify that the foregoing is a true and correct copy of the original as the same appears of record in my office.
 My Comm. Expires: 12/31/04
 My Comm. No.: 12345
 My Seal No.: 12345
 My Seal Expires: 12/31/04
 My Seal No.: 12345



C.R. WALBRIDGE & ASSOCIATES
 1421 LUISA STREET SUITE 4
 SANTA FE, NEW MEXICO
 (505) 882-9711



PROJECT: MASTER PLAN FOR THORNBURG PROPERTY
 COVER, VICINITY MAP
 SHEET TITLE: THORNBURG PROPERTY
 SHEET NO. 1

REVISIONS	DATE	BY	REVISIONS
1			
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[illegible]

1. THE APPLICANT SHALL SUBMIT APPROVED STATE ROAD 14 WITH THE PRELIMINARY PLANS.

2. THE APPLICANT SHALL SUBMIT APPROVED STATE ROAD 14 WITH THE PRELIMINARY PLANS.

3. THE APPLICANT SHALL SUBMIT APPROVED STATE ROAD 14 WITH THE PRELIMINARY PLANS.

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10. THE APPLICANT SHALL SUBMIT APPROVED STATE ROAD 14 WITH THE PRELIMINARY PLANS.

THE APPLICANT SHALL PROVIDE FURTHER DETAILS OF IMPROVEMENTS WITH THE PRELIMINARY DEVELOPMENT PLAN.

[illegible]

30. THIS MASTER PLAN SHALL HAVE NO VESTED RIGHTS TO THE DEVELOPER.

31. THERE SHALL BE NO OTHER DEVELOPMENT ALLOWED TO BE SITED ALONG THE CITY OF SANTA FE HIGHWAY CORRIDOR. NO PRIVATE SELLERS SHALL BE ALLOWED FOR USE BY THIS PROJECT.

32. THE CITY OF SANTA FE SHALL BE RESPONSIBLE FOR THE PROTECTION OF THE ENVIRONMENT AND THE PROTECTION OF THE PUBLIC HEALTH AND SAFETY OF THE COMMUNITY.

33. THE CITY OF SANTA FE SHALL BE RESPONSIBLE FOR THE PROTECTION OF THE ENVIRONMENT AND THE PROTECTION OF THE PUBLIC HEALTH AND SAFETY OF THE COMMUNITY.

34. THE CITY OF SANTA FE SHALL BE RESPONSIBLE FOR THE PROTECTION OF THE ENVIRONMENT AND THE PROTECTION OF THE PUBLIC HEALTH AND SAFETY OF THE COMMUNITY.

25. THE DEVELOPMENT SHALL UTILIZE THE REQUIRED ROAD ALIGNMENT OF VISTA DEL MONTE TO PROVIDE OPEN SPACE TO THE SOUTH OF THE ROAD, NORTH OF VALLIE LAUREL, AND AROUND THE PLANNED SUBSISTANT.

26. ONE PARK IN THE DEVELOPMENT CENTER THAT IS BOUNDED BY ROADS ON AT LEAST TWO SIDES ONE OF WHICH IS BETHUNIA IS NOT REQUIRED TO HAVE A MOUNTAIN OR A LIVING MOUNTAIN QUAD. HOWEVER, THE PARK SHALL BE LOCATED IN THE INTERIOR OF THE SITE OR IT SHALL BE ADJACENT TO A MOUNTAIN OR LIVING MOUNTAIN QUAD. THE PARK SHALL BE ADJACENT BY A MOUNTAIN WALL, BATHY EARTH, AND/OR LANDSCAPING.

27. ALL PARKING AREAS ARE TO BE DIVIDED INTO SMALL PARKING LOTS OF NO MORE THAN 10 SPACES EACH. LOTS ARE TO BE SEPARATED BY LANDSCAPED BUFFER OF NO LESS THAN 4 FEET WIDE.

28. THERE IS ALSO NO REQUIREMENT FOR BUILDINGS TO FRONT OPEN SPACE.

ST. PETER'S REQUESTS THAT AN IMPROVED DISTANCE OF 50' SANTA ANA COUNTY LAND USE STAFF HAVE BEEN INCREASED AS TO AVOIDANCE OF DAMAGE AT THE OF RECONSTRUCTION OF THE OR IN-HOUSE CONDUIT PLAN, TO BE DETERMINED AT THE TIME OF DEVELOPMENT PLAN SUBMITTAL.

FORM CALCULATIONS	
DEVELOPED AREA	
VALUING CENTER	29.24 AC. ±
NON-HIGHWAY CENTER	10.41 AC. ±
NON-HIGHWAY CENTER	9.07 AC. ±
TRANSITIONAL	58.62 AC. ±
DEVELOPMENT CENTER	8.07 AC. ±
ROADWAYS	182.09 AC. ±
TOTAL AREAS ARE	
41	360 AC. ±
58	540 AC. ±
29	452 AC. ±

CRIM SPACE	16.88 AL. 4"
WALL AREAS	
(GLAZED AND UNGLAZED)	
PAINTED SPACE	18.71 AL. 4"
PAINTED ATHLETIC	16.00
TOTAL SYSTEM	12.09 AL. 4" + 10.00
TOTAL ASSEMBLY	22.09 AL. 4"

100

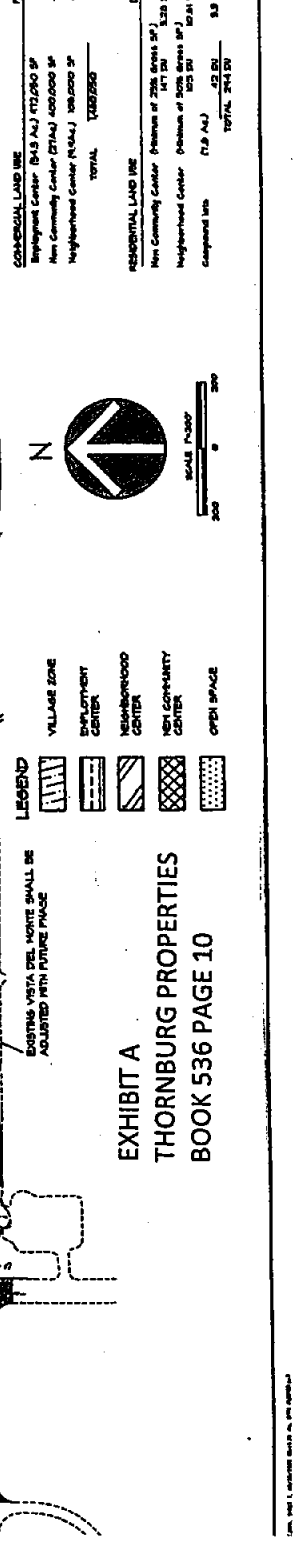


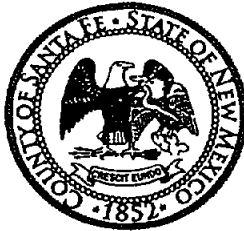
EXHIBIT B
BREWERY PROPERTY

SANTA FE COUNTY SEWER SERVICE APPLICATION

Daniel "Danny" Mayfield
Commissioner, District 1

Miguel Chavez
Commissioner, District 2

Robert A. Anaya
Commissioner, District 3



Kathy Holian
Commissioner, District 4

Liz Stefanics
Commissioner, District 5

Katherine Miller
County Manager

SANTA FE COUNTY UTILITIES

July 22, 2014

Water/Wastewater Review Team
C/O Stan Holland, P.E.
Wastewater Division
73 Paseo Real
Santa Fe, New Mexico 87507

**RE: WATER/WASTEWATER REVIEW TEAM APPLICATION FOR THE
SANTA FE BREWING COMPANY**

Dear Team Members:

The Santa Fe Brewing Company is seeking wastewater services for their facility located at 35 Fire Place, Santa Fe NM, 87508. This facility lies outside of the boundary of the Presumptive City Limits of the City of Santa Fe and within the boundary of Santa Fe County, adjacent to the nearby Thornburg Development (please see the attached project maps). In accordance with City of Santa Fe Ordinance No. 2008-53, Section 2, the Santa Fe County Utilities (SFCU) hereby submits the enclosed application and associated materials on behalf of the applicant for review by the City-County Water/Wastewater Review Team (WWRT).

Description of Existing and Proposed Facilities & Water Budget

The Santa Fe Brewing Company operates a craft brewery located between Highway 14 and Interstate 25 that includes the brewery and a restaurant (the restaurant is not open at present). The facility has existed in its current state since 2005 and now has a planned expansion which includes the installation of an industrial pretreatment system and on-site irrigation reuse of the treated industrial wastewater, all of which will impact the volume and characteristic of the facility's wastewater discharge. SFCU currently provides potable water supply and fire protection up to 1 acre/feet/yr to the subject property, and the facility owns/operates a commercial well which serves as an additional source of supply. Please see the applicant's attached description of the planned expansion, proposed industrial pretreatment process and water budget through 2025.

Availability of Wastewater Services

In the past, the facility's domestic wastewater was managed with an on-site package plant/constructed wetlands treatment system that discharged to a leachfield. Industrial wastewater generated in the brewing process is maintained separate from the domestic wastewater and is transported via pumper truck to the City's treatment facility.

Wastewater service to the nearby Thornburg Development is provided via the Turquoise Trail Master Association (TTMA) private gravity sewer, liftstation and forcemain, which transmits sewage to the City of Santa Fe sanitary sewer via a connection at Mutt Nelson Rd. SFCU is in negotiation with the TTMA for SFCU takeover of the TTMA system, which is anticipated to occur by December 31, 2014. Santa Fe Brewing Company is proposing to connect to the TTMA system (once taken over by SFCU) via a gravity line from the subject property to the nearest manhole in the TTMA system. Once the connection has been made, both domestic and industrial (brewery) wastewater are proposed to be discharged to the sanitary sewer. Once the takeover is completed, SFCU will own and operate the existing TTMA infrastructure. SFCU's long-term plans involve ultimately transferring the discharge of the TTMA liftstation to its own Quill Wastewater Treatment Facility, but limitations with the Quill facility's capacity preclude that option until upgrades have been executed. SFCU will be able to provide wastewater collection and transfer via the TTMA infrastructure (once taken over from TTMA), but cannot provide wastewater treatment services for the foreseeable future.

Health, Safety or Legal Reasons for the Connection

Regarding the health, safety or other legal reason supporting the need to connect this facility to the City's sewer system, SFCU proposes that:

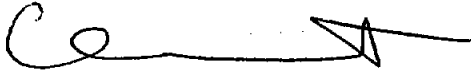
1. The existing on-site wastewater treatment system is undesirable due to its condition and potential to impact ground water quality. Expansion of the discharges to groundwater is similarly undesirable.
2. The facility's plan for industrial pre-treatment fits within the City and County ordinances on addressing industrial sources.
3. The facility's plan for partial reuse of the treated industrial wastewater fits within the City and County goals for appropriate water reuse and will lessen the discharge to the sanitary sewer.
4. Under the current situation, much of the waste from this facility is already being discharged to the City's treatment facility, indirectly via pumper truck. Eliminating the trucking aspect is a positive gain on both environmental and economic levels. Under the expansion, brewery wastes will be removed as animal feed or solid waste, further lessening the impact to the City's treatment facility.
5. Santa Fe Brewing Company's expansion will benefit both the City and the County in the form of increased jobs and tax revenue.

Last, it appears that the need to demonstrate a certified Santa Fe Homes Proposal as set forth in Section 14-8.11 SFCC 1987 is not applicable in this case.

SFCU respectfully submits the attached application and supporting materials on behalf of the applicant. If the application is deemed to be complete, SFCU requests that a WWRT

meeting be held to review the application. Please contact SFCU's Infrastructure Manager (Robert George) at (505) 992-3046 if you need additional information regarding this application or to coordinate setting up a WWRT meeting.

Sincerely,



Claudia Borchert, Director
Santa Fe County Utilities Division

CB:RG/rjg

- Encl: Project Maps
Utility Service Application
Water Budget for Santa Fe Brewing Co. including expansion
Applicant's Economic Impact Statement
Facility's Industrial Pre-Treatment Design Basis
Industrial Pre-Treatment Pilot Testing Analytical Data
- CC: Brian Lock, Owner, Santa Fe Brewing Company, 35 Fire Place, Santa Fe, NM 87508 (sent via email, with enclosures)
Bryan Romero, Interim Director, Wastewater Management Division, City of Santa Fe (sent via email, with enclosures)
David Griscom, Economic Development Manager, Santa Fe County (sent via email, with enclosures)
Fabian Trujillo, Economic Development Division Director, City of Santa Fe (sent via email, with enclosures)



35 Fire Place
Santa Fe, NM.
87508

February 14, 2014

Robert J. George
Utilities Infrastructure Manager
Santa Fe County Utilities Division
P.O. Box 276
Santa Fe, NM 87504

Re: Sewer Service to City outside Presumptive City Limits

Dear Mr. George:

This letter serves as a request for the County to act as the applicant in the presentation to the City of Santa Fe for consideration of sewer service outside the "Presumptive City Limits". The Settlement Agreement between the City, County and Las Soleras specifies that utilities may be extended outside the "Presumptive City Limits" only upon approval by the City Council. The following land owners are requesting that the County act as the applicant in the extension of City sewer outside the "Presumptive City Limits":

Santa Fe Brewing Co. Inc. a New Mexico Corporation
Brian Lock
Lock Builders LLC, a New Mexico Limited Liability Company
Brian and Terry Lock

Santa Fe Brewing Co. current location was built in 2005 and has been pumping effluent since that time.

Lock Builders, LLC. is the entity that owns the property and leases the building to Santa Fe Brewing Co.

**SANTA FE BREWING COMPANY ECONOMIC IMPACT
STATEMENT**

Santa Fe Brewing Company Economic Impact Statement
Regarding Proposed Expansion/Sewer Connection
June 27, 2014

Santa Fe Brewing Company (SFBC), located at 35 Fire Place in Santa Fe, has grown aggressively over the past 5 years and will reach maximum, practical capacity of the present 12,800 sq. ft. building within the next 12 to 18 months. Please note the attached Reference Table that outlines both historical and forecast growth for SFBC's business. The present brewing facility is currently served by a commercial water well and utilities providing electricity (supplemented by a solar installation on the building roof) and natural gas. However, there is no sewer service available which creates a financial penalty for SFBC approaching \$70,000 annually.

SFBC is in the final stage of determining how it can best meet growing market demand for its products. One option SFBC has explored is to contract with another craft brewing company, located in either Colorado or Texas, for a portion of its output and use that product to meet growing market demand for SFBC products. This path is financially attractive in that it reduces capital investment risk and would accelerate the addition of incremental capacity, although it will result in some loss of control over the brewing process.

From SFBC's perspective, a preferred alternative would be to initiate a two stage expansion at the present brewery production location, ultimately adding about 48,000 sq. ft. of building space with project investment of \$10 million. Employment growth at SFBC would approximate 75 to 80 jobs plus the employment created in the construction sector during the project duration. This would result in SFBC continuing to expand its demonstrated commitment to Santa Fe and the State of New Mexico. Some steps have been taken to make this a potentially feasible option including acquisition of an adjacent 3.5 acre property (necessary for the expansion) and a firm financing commitment from a financial institution.

Phase I of the two step project would begin this year and include a new building to house a laboratory, a waste water treatment plant, packaging hall, loading dock, a beer garden, an expanded tasting room at the brewery, a new tasting room in Albuquerque, and office / event space. Phase I investment will approximate \$5 million (\$2.2 million for new equipment and \$2.8 million in building construction) and will create approximately 35 new jobs.

Phase II of the project would kick off in either 2016 or 2017 with total capital spending estimated at \$5 million (\$3 million for a new brew house and \$2 million for additional building space) and will create approximately 40 to 50 jobs.

The purpose of this application is two- fold. First, it is imperative to the success of this project that SFBC's facility be connected to the sewer line running along Hwy. 14. The cost penalty to SFBC in managing waste water effluent in the present

configuration is the most significant competitive disadvantage faced by SFBC relative to other craft brewers. The 3.5 acre plot acquired in the past 6 months will enable direct access to an existing sewer line without the necessity of acquiring easement rights. A sewer connection will remove SFBC's competitive cost disadvantage, one that presently amounts to nearly \$70,000 annually. Timing is important. The decision to proceed with expansion at the present site vs. contracting with another craft brewer hinges upon a commitment to allow SFBC immediate sewer connection.

Second, as a part of the sewer connection request, SFBC. has budgeted \$500,000 for a new, comprehensive waste water treatment system. The treatment system will be designed and installed by VM Technology, a company with extensive experience in this field. Test results, illustrating a positive environmental impact, for the treatment system are included in this proposal. The request for a direct grant from the State of New Mexico, if approved, will improve the overall project economics and "tilt the playing field" toward selection of the option of expanding at SFBC's present site as opposed to entering into a contract brewing arrangement with a craft brewer in Colorado or Texas.

Finally, an expansion of the scope outlined in this document will enable SFBC to expand geographically beyond the 9 states now served by the company into new domestic and international markets. This will increase the flow of dollars into the State of New Mexico from consumers located outside the state, creating a net positive impact upon New Mexico's economy.

SFBC Expansion Economic Impact Reference Table

	<u>2009</u>	<u>2013</u>	<u>2017 Forecast*</u>	<u>2020 Forecast*</u>
SFBC Production Capacity	9,500 BBL	18,000 BBL	42,000 BBL	80,000 BBL
SFBC Sales Revenue	\$1,449,000	\$4,269,000	\$9,000,000	\$17,000,000
SFBC Employee Population				
• Production	8	13	23	30
• Sales/Marketing/Admin	7	8	18	40
• Retail servers	3	10	25	35
• Total	18	31	66	105
SFBC Taxes Paid in NM				
• NM Excise Tax	\$8,125	\$77,000	\$80,000	\$100,000
• State Gross Receipts Tax	7,500	25,704	90,875	115,000
• State Payroll Tax	\$10,000	\$18,000	\$32,000	\$48,000
Total	\$25,625	\$120,704	\$202,875	\$263,000

- * Footnote: the forecast numbers for 2017 and 2020 assume that SFBC expands at its present site. If the requested sewer connection / grant for water treatment plant funding are not approved, then it is likely that SFBC's growth will be funded through contract brewing arrangements and the job growth shown here will benefit another state.

**SANTA FE BREWING COMPANY EXPANSION PLANS AND
WATER BUDGET STATEMENT**



Water Budget for Santa Fe Brewing Co. including expansion

The following information is intended to describe the plan Santa Fe Brewing Co. has with regard to expanding its facility and connecting to the sewer. Currently all the collection of the brewery wastewater is contained in (1) 6,000-gallon holding tank. This tank is pumped daily by JC Septic and is transported over to the Santa Fe Sewer for treatment. Thus all the wastewater that is generated by Santa Fe Brewing Co. is already being treated by the City of Santa Fe.

As a part of our expansion Santa Fe Brewing Co. has budgeted for a state-of-the-art wastewater treatment system: designed, built, and installed by VM Technology. (See attached.) This will greatly reduce the amount of BOD that is currently in the wastewater and treat the effluent to the point that some of it may be reused to irrigate the landscaping. Essentially this means that all the wastewater that the City would be responsible for treating would be pretreated far more than the existing waste that JC is transporting over to the sewer on a daily basis.

The existing brewery is 10,822 square feet, gross floor area. There is currently a mezzanine and a couple of 2nd floor storage areas that add an additional 858 square feet for a total of 11,680 square feet. The proposed expansion would add roughly 22,400 square feet to the building so the total after construction would be 34,080. (See attached rendering.)

Below is the past 3 months of discharge that is pumped on a monthly basis and treated by the City of Santa Fe sewer currently.

January 2014 – 150,100 gallons
February 2014 – 140,000 gallons
March 2014 – 145,500 gallons

With the proposed expansion and the wastewater treatment system that we are installing I anticipate that number to stay the same or only slightly increase because we will be using more water to irrigate.



Anticipated future waste water after expansion is complete.

2015 – 140,000 per month

2016 – 150,000 per month

2017 – 160,000 per month

Santa Fe Brewing Co. Site Water Budget

Total Annual Water Use Water Source – Well Water Source – County Reuse for Irrigation Effluent to Sewer

<u>2013</u> -	4 acre feet	3.8 acre feet	.2 acre feet	.1 acre feet	2.73 acre feet
•	1.17 acre feet beer produced				
<u>2014</u> -	5 acre feet	4.75 acre feet	.25 acre feet	.15 acre feet	3.4 acre feet
-	1.45 acre feet beer produced (Assumes waste water treatment and connection to sewer is in place for 3 months)				
<u>2015</u> -	6 acre feet	5.7 acre feet	.3 acre feet	1.5 acre feet	2.8 acre feet
-	1.74 acre feet beer produced (Assumes waste water treatment and connection to sewer is in place 12 months)				
<u>2017</u> -	8 acre feet	7.5 acre feet	.5 acre feet	2 acre feet	3.7 acre feet
-	2.32 acre feet beer produced (Assumes waste water treatment and connection to sewer is in place 12 months)				
<u>2020</u> -	10 acre feet	9.3 acre feet	.7 acre feet	2.5 acre feet	4.6 acre feet
-	2.9 acre feet beer produced (Assumes waste water treatment and connection to sewer is in place 12 months)				
<u>2025</u> -	15 acre feet	14 acre feet	1 acre feet	3.75 acre feet	6.9 acre feet
-	4.35 acre feet beer produced (Assumes waste water treatment and connection to sewer is in place 12 months)				

THORNBURG DEVELOPMENT HISTORY
WWRT PROCESS AND HISTORY

City of Santa Fe, New Mexico

memo

Date: May 7, 2014

To: Fabian Trujillo, Economic Development Division Director

From: Bryan Romero, Interim Director, Wastewater Management Division

BR

Subject: Santa Fe Brewing Company

Below is information and background that may assist with your liaison efforts with Santa Fe Brewing in obtaining sewer service. If any questions should arise through the process please contact Stan Holland at 955-4637. Stan is very familiar with the WWRT process and can assist with any questions.

History and other relevant information

In September 9, 2004, a letter from Kyle Harwood, Assistant City Attorney, confirmed that the City of Santa Fe (City) would serve the Thornburg Development based on a Public Regulations Committee Action. The City had not been providing sewer to any properties outside the City limits unless there was a previous written agreement that committed the City to provide service.

The Thornburg Development went forward in building a private sanitary sewer system that consists of a gravity sewer system that drains to a lift station located within the Thornburg Development. Wastewater is pumped out of the lift station through a force main where it eventually connects to the City's sewer main line located in Mutt Nelson Road. The entire system (gravity sewer, lift station, force main and all associated appurtenances) from the connection to the sewer at Mutt Nelson Road back is private and is owned and operated by the Turquoise Trail Master Association (TTMA).

The TTMA documents (Covenants and Restrictions, recorded 4-0-06) outline the conditions in which the sewer system shall only serve the Thornburg Development and that any proposed extension of the system to serve properties outside the Thornburg Development would need the City consent. The SF Brewery is an example of a property outside of the TTMA Area. Other properties outside the TTMA Area that have inquired in the past are Bisbee Court and Rancho Viejo Business Park.

As part of the Settlement Agreement between Santa Fe County (County) and the City, the Thornburg Development was to be served via sewer by the County. The County had informed the City that they intended to build infrastructure to redirect the wastewater to the Quill Wastewater Treatment Plant (Previously State Penitentiary Plant) which is operated by the County. The County also wanted to obtain ownership of the TTMA's sewer infrastructure so the County had been negotiating with TTMA. No updates have been provided to the City on the status of these endeavors.

In recent years several properties have inquired about extension of service but these properties are located in the County's sewer service area as agreed to in the Settlement Agreement. The County can provide this service if the wastewater is redirected to the Quill Wastewater Treatment Plant or if the County requests service via a separate agreement with the City (as outlined in the Settlement Agreement). Any request must be done via the Water/Wastewater Review Team (WWRT).

Below is the synopsis detailing the WWRT PROCESS.

WWRT PROCESS

The Settlement Agreement of 2008 stated in Section 2-m. the conditions under which City water and wastewater service may be provided outside the Presumptive City Limits

"2-m. The City shall provide water and wastewater service within the Presumptive City Limits and shall not provide water and wastewater service outside the Presumptive City Limits unless required by a current contract with a customer, decrees of a court, or applicable rulings of the Public Regulation Commission, unless otherwise agreed upon between the City and the County in a separate written agreement. "

In order to meet the requirement shown above, the City and County would need to generate a separate written agreement. This agreement would identify how the City would provide water or wastewater service outside the presumptive City limits, and while complying with Chapter 22-Sewer and Chapter 25-Water of the SFCC 1987 City Code(Ordinance 2008-53).

With regards to City sewer service outside the presumptive City limits, a new ordinance for Chapter 22-6.2 was adopted by the City Council. Under the ordinance an application for City sewer service outside the presumptive City limits was to be submitted for review by the City and County water/wastewater review team (WWRT). If the WWRT team found the connection feasible and the legal reasons compelling, it was to submit a report to the public utilities committee of the city, the governing body and the board of county commissioners for consideration of an agreement between the City of Santa Fe and Santa Fe county pursuant to Section 2.m. of the settlement agreement and mutual release of claims entered into by the city of Santa Fe, Santa Fe county and other parties dated May 19, 2008.

As is stated in the City Ordinance,

"All applications for city sewer service connections for properties outside the presumptive city limits shall be reviewed by the water/wastewater review team (WWRT). The team shall meet regularly and shall be made up of city and county staff from the water division, the wastewater division, the city attorney's office, the county attorney's office, the land use departments and the office of affordable housing. The team shall evaluate the completeness of the application and the feasibility of implementing the connection. Applications shall include the following;"

1. Affordable Housing Requirements – A certified Santa Fe Homes Proposal
2. Required to pay all applicable rates, charges and fees for City sewer service

-
3. A map of the proposed project in relation to the existing limits and presumptive limits
 4. A detailed description of the proposed development area/boundary including the type and size of proposed land uses
 5. The health, safety, public welfare or other legal reason for the connection
 6. Documentation from the County of Santa Fe that county sewer is not available

These are the minimum items required to evaluate the application and the WWRT team has the obligation to request additional information pertinent to the application to provide complete information to the governing bodies for evaluation of the request.

It is essential to understand that to take forward any request for City sewer service outside the presumptive City limits a complete application must first be submitted jointly by the County and the applicant to the WWRT team for review.

It should be noted that the first request for City sewer service outside the presumptive City limits that was ultimately approved by the City and County was for the extension of a County owned sewer line connected to the City's sewer collection system for Harry's Road House and surrounding properties. The agreement took the form of a memorandum of understanding (MOU). It was also realized as part of this first review process that all applications for City sewer service outside the presumptive City limits should to be submitted by the applicant to the County first for review and approval. If the County approved the applicants request then the County and the applicant would jointly submit the request to the WWRT team.

With regards to the Turquoise Trail Master Association (TTMA) and Santa Fe County application to the WWRT some examples of the additional information that was requested for evaluation were;

1. The type of existing businesses wanting to connect.
2. What is the service area boundary to be served by City sewer and treatment service?
3. Anticipated flows and volumes for the present and future land uses within the service area boundary Exhibit.
4. What will be the time frame and/or phasing of the agreement between the TTMA and the County?
5. Who will take ownership of the sewer collection system, the lift station and the force main since Turquoise Trail Master Association is currently the owner.
6. What are the County's long range plans for sewer treatment in this area?

Cc: Brian Snyder, City Manager
Nick Schiavo, Interim Director, Public Utilities Department and Water Division
Stan Holland, Engineer, Wastewater Management Division Director
File


SANTA FE HOMES PROGRAM EVALUATION

City of Santa Fe, New Mexico

memo

Date: November 13, 2014

To: Stan Holland, Engineer, Wastewater Division

From: Alexandra Ladd, Special Projects Manager 
Housing and Community Development Department

Re: Wastewater Review Team – Proposed Expansion Santa Fe Brewing Co.

The request to extend sewer service boundary for the proposed expansion of the Santa Fe Brewing Co. commercial facility does not require a Santa Fe Homes Program (SFHP) proposal. According to Sections 14-8.11 (D) (1) and Section 26-1.8, "...the SFHP shall apply to any application for development including, but not limited to, annexation, rezoning, subdivision plat, increase in density, development plan, extension of or connection to city utilities for land outside the city limits, and building permits which propose two(2) or more dwelling units... SFHP applies to the residential portion of the development."

As long as the proposed application covered by this request is not required to obtain residential building permit(s), the requirements of the Santa Fe Homes Program are not applicable.

City of Santa Fe, New Mexico

memorandum

Original.

FC 12/01/14
CC 12/10/14

Date: November 17, 2014

To: Public Utilities Committee/Finance Committee/City Council

Via: Nick Schiavo, Public Utilities Department and Water Division Director *Nick Schiavo*

Via: Shannon W. Jones, Wastewater Management Division Director *Shannon W. Jones*

From: Stan Holland, Engineer, Wastewater Management Division *Stan Holland*

Subject: Request by Santa Fe County to provide City sewer service for the Santa Fe Brewing Company property under the Terms of the 2008 Settlement Agreement and SFCC 22-6.2

SUMMARY

On May 19, 2008 the City of Santa Fe and Santa Fe County entered into the Settlement Agreement and Mutual Release of Claims. Under the terms of the Settlement Agreement §2(1), "The City shall provide water and wastewater service within the presumptive city limits and shall not provide water and wastewater service outside the presumptive city limits unless required by a current contract with a customer, decrees of a court, or applicable rulings of the Public Regulation Commission, unless otherwise agreed upon between the City and the County in a separate written agreement."

Santa Fe County is requesting to enter into a written agreement with the City in accordance with the provision outlined above and SFCC 22-6.2 in order for the County to provide wastewater service to the Santa Fe Brewing Company property. The Santa Fe Brewing Company property is located outside the Presumptive City Limits. The County's request is made pursuant to SFCC Chapter 22-Sewers, Section 6.2, where requests for City sewer service for properties outside the Presumptive City Limits may be submitted to the Water-Wastewater Review Team (WWRT) which is comprised of City and County staff (see attached Santa Fe County Sewer Service Application). The WWRT team reviews the completeness and feasibility of the application for submission to the City's Public Utilities Committee, the City's Governing Body and the Board of County Commissioners for consideration of an agreement between the City and County pursuant to Section 2.m of the Settlement Agreement.

The Santa Fe Brewing Company is planning to increase their brewing capacity and wants to remove the financial liability of their private on-site package plant/wetland treatment and storage system for their domestic and industrial wastewater (see attached Santa Fe Brewing Company Economic

Impact Statement). The Santa Fe Brewing Company's preference is to expand their production facilities at their current site.

The Thornburg Development-Turquoise Trail Maintenance Association properties (Thornburg Development-TTMA), to which the brewery property is adjacent, currently has its own private sewer collection and sewer lift station system which discharges to the City's wastewater collection and treatment system at Mutt Nelson Road (see attached Thornburg Development History). Santa Fe County is currently in negotiations with the Thornburg Development-TTMA for Santa Fe County to take ownership of the Thornburg Development-TTMA private sewer system. Santa Fe County currently does not have the infrastructure in place to transfer wastewater from the Thornburg Development-TTMA's private sewer system for treatment at the County's Quill Plant Wastewater Facility located at the State Penitentiary. Santa Fe County is requesting to provide County sewer service by allowing the Santa Fe Brewery property to connect to the Thornburg Development-TTMA's sewer system which will allow for Santa Fe County to provide treatment of the brewery domestic and industrial wastewater at the City's Wastewater Treatment Plant.

REQUESTED ACTION

The City-County Water-Wastewater Review Team (WWRT) has reviewed the Santa Fe County application for completeness and feasibility. A Memorandum of Understanding between the City of Santa Fe and Santa Fe County has been prepared and reviewed by both the City and County attorney offices for consideration of an agreement between the City and County to allow Santa Fe County to provide the Santa Fe Brewery property sewer service utilizing the City of Santa Fe's wastewater collection and treatment system.

Attachments:

1. Memorandum of Understanding with Exhibits A and B
2. SF Brewery-SF County Sewer Service Application
3. SF Brewery Economic Impact Statement
4. SF Brewery Expansion Plans and Water Budget
5. Thornburg-TTMA Development History
6. Santa Fe Homes Program Evaluation

cc: File

MEMORANDUM OF UNDERSTANDING
WITH
EXHIBITS A & B